

State Liquor Dispensary

Analyst: Freeman

Historical Summary

OPERATING BUDGET	FY 2003 Total App	FY 2003 Actual	FY 2004 Approp	FY 2005 Request	FY 2005 Gov Rec
BY FUND CATEGORY					
Dedicated	10,857,600	12,364,700	10,148,800	11,333,800	11,339,400
Percent Change:		13.9%	(17.9%)	11.7%	11.7%
BY OBJECT OF EXPENDITURE					
Personnel Costs	6,776,800	6,506,000	6,983,400	7,551,500	7,611,000
Operating Expenditures	3,660,400	2,993,600	3,006,400	3,284,700	3,230,800
Capital Outlay	420,400	2,865,100	159,000	497,600	497,600
Total:	10,857,600	12,364,700	10,148,800	11,333,800	11,339,400
Full-Time Positions (FTP)	148.00	148.00	150.00	160.00	160.00

Division Description

The goals of the Liquor Dispensary are to provide the more popular brands of liquor at a uniform, statewide price and the less popular brands by special order; to renovate and modernize state stores and to establish new state stores and contract agencies as needed; to fund special state projects; and to distribute surplus revenue as directed by law and legislative action.

NOTE: FY 2003 actual expenditures for capital outlay includes \$2,366,700 for the purchase of the Liquor Warehouse which was authorized and appropriated in the 2000 legislative session (2000 Idaho Sess. Laws 374). This amount is not reflected in the FY 2003 total appropriation.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2004 Original Appropriation	150.00	0	10,148,800	150.00	0	10,148,800
Reappropriations	0.00	0	450,000	0.00	0	450,000
FY 2004 Total Appropriation	150.00	0	10,598,800	150.00	0	10,598,800
Removal of One-Time Expenditures	0.00	0	(609,000)	0.00	0	(609,000)
FY 2005 Base	150.00	0	9,989,800	150.00	0	9,989,800
Personnel Cost Rollups	0.00	0	164,400	0.00	0	164,400
Inflationary Adjustments	0.00	0	53,900	0.00	0	0
Replacement Items	0.00	0	367,600	0.00	0	367,600
Nonstandard Adjustments	0.00	0	59,400	0.00	0	59,400
Change in Employee Compensation	0.00	0	58,100	0.00	0	117,600
FY 2005 Program Maintenance	150.00	0	10,693,200	150.00	0	10,698,800
1. Additional warehouse positions	2.00	0	63,400	2.00	0	63,400
2. Two new liquor stores	4.00	0	405,400	4.00	0	405,400
3. Legal age verification equipment	0.00	0	45,000	0.00	0	45,000
4. Additional liquor store clerk positions	4.00	0	126,800	4.00	0	126,800
FY 2005 Total	160.00	0	11,333,800	160.00	0	11,339,400
Change from Original Appropriation	10.00	0	1,185,000	10.00	0	1,190,600
% Change from Original Appropriation			11.7%			11.7%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2004 Original Appropriation	150.00	0	10,148,800	0	10,148,800

Reappropriations

The Liquor Dispensary received carryover authority for the Enterprise Accounting System.

Agency Request	0.00	0	450,000	0	450,000
Governor's Recommendation	0.00	0	450,000	0	450,000

FY 2004 Total Appropriation					
Agency Request	150.00	0	10,598,800	0	10,598,800
Governor's Recommendation	150.00	0	10,598,800	0	10,598,800

Removal of One-Time Expenditures

Remove funding provided for one-time items.

Agency Request	0.00	0	(609,000)	0	(609,000)
Governor's Recommendation	0.00	0	(609,000)	0	(609,000)

FY 2005 Base					
Agency Request	150.00	0	9,989,800	0	9,989,800
Governor's Recommendation	150.00	0	9,989,800	0	9,989,800

Personnel Cost Rollups

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates which are projected to increase by 17 percent, from \$5,548 to \$6,493 per employee; and retirement system (PERSI) rates that will increase by over 6% to 10.39 and 10.73 percent of salary for regular and police/firefighter members, respectively.

Agency Request	0.00	0	164,400	0	164,400
Governor's Recommendation	0.00	0	164,400	0	164,400

Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures.

Agency Request	0.00	0	53,900	0	53,900
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The Governor recommends no increase for general inflation.

Governor's Recommendation	0.00	0	0	0	0
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Replacement Items

Capital Outlay: 1 vehicle (4X4 SUV) \$28,000, relocate 3 stores from poor locations (\$117,700), remodel, paint and re-carpet 13 stores (\$140,900), replace worn display shelves, checkout counters and signs in 4 stores (\$81,000).

Agency Request	0.00	0	367,600	0	367,600
Governor's Recommendation	0.00	0	367,600	0	367,600

Nonstandard Adjustments

Reflects \$55,200 for the contractual rent increases in the 52 state liquor store leases. Also reflects adjustments in Attorney General, State Controller and Treasurer fees pursuant to the Statewide Cost Allocation Plan, and an reduction in Risk Management property/casualty rates.

Agency Request	0.00	0	59,400	0	59,400
Governor's Recommendation	0.00	0	59,400	0	59,400

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	58,100	0	58,100
<i>The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	0	117,600	0	117,600
FY 2005 Program Maintenance					
Agency Request	150.00	0	10,693,200	0	10,693,200
Governor's Recommendation	150.00	0	10,698,800	0	10,698,800
1. Additional warehouse positions					
This enhancement would provide 2 FTPs at the Dispensary warehouse. Liquor sales have increased by 16% since 1999. The additional workload has been handled with two fulltime temporary workers, overtime and contract labor at an additional cost of \$96,600 in FY 2003.					
Agency Request	2.00	0	63,400	0	63,400
Governor's Recommendation	2.00	0	63,400	0	63,400
2. Two new liquor stores					
This enhancement would provide 4 FTPs and \$405,400, and authorize opening a liquor store in the Boise/Meridian area of Ada County and in the Hayden/Dalton Gardens area of Kootenai County.					
Agency Request	4.00	0	405,400	0	405,400
Governor's Recommendation	4.00	0	405,400	0	405,400
3. Legal age verification equipment					
This enhancement would provide \$45,000 in capital outlay for the purchase of equipment to help verify the legitimacy of state-issued identification. The ultimate goal is to prevent selling liquor to minors possessing false identification.					
Agency Request	0.00	0	45,000	0	45,000
Governor's Recommendation	0.00	0	45,000	0	45,000
4. Additional liquor store clerk positions					
This enhancement would provide 4 FTPs for existing stores. Increased sales volume has resulted in the need for additional store clerks in several stores.					
Agency Request	4.00	0	126,800	0	126,800
Governor's Recommendation	4.00	0	126,800	0	126,800
FY 2005 Total					
Agency Request	160.00	0	11,333,800	0	11,333,800
Governor's Recommendation	160.00	0	11,339,400	0	11,339,400
Agency Request					
Change from Original App	10.00	0	1,185,000	0	1,185,000
% Change from Original App	6.7%		11.7%		11.7%
Governor's Recommendation					
Change from Original App	10.00	0	1,190,600	0	1,190,600
% Change from Original App	6.7%		11.7%		11.7%

Liquor Dispensary Issues & Information

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Liquor Dispensary Statistics	FY 2001	FY 2002	FY 2003	FY 2004 Est.
1. Maintain moderate per capita alcohol use				
License States (gallons per capita)	1.32	1.32	1.33	1.33
Control States (gallons per capita)	1.11	1.12	1.12	1.12
Idaho (gallons per capita)	0.97	1.00	1.01	1.01
2. State-owned stores	51	51	52	52
3. Contract stores (pay for inventory when sold)	104	103	100	101
4. Total number of outlets	155	154	152	153
5. Total gross liquor sales (millions)	\$69.71	\$73.62	\$77.99	\$84.00
6. Total liquor sales (millions of gallons)	1.35	1.39	1.45	1.52
7. Cost of Product (millions)	\$37.44	\$39.64	\$42.08	\$45.00
8. Total operating expenses (millions)	\$10.81	\$12.02	\$11.72	\$11.80
9. Operating costs as a percent of sales	15.5%	16.3%	15.0%	14.0%
10. Total distributions (millions)	\$20.3	\$21.1	\$23.2	\$27.2
11. Distributions as a percent of gross sales	29.1%	28.7%	29.7%	32.4%

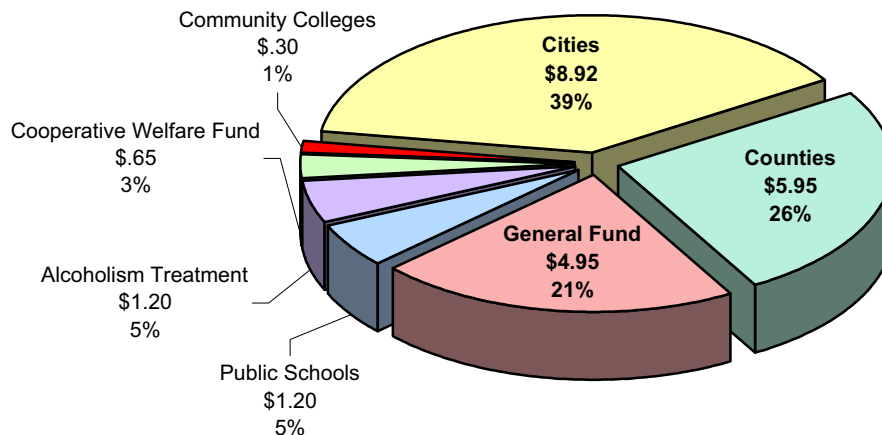
Profit Distribution

- 2000 Idaho Sess. Laws 374 authorized a transfer of \$788,900 to the Liquor Warehouse Purchase Fund in Fiscal Years 2001, 2002 and 2003.
- FY 2004 Supreme Court appropriation (2003 Idaho Sess. Laws 334) appropriated \$440,000 from the Liquor Control fund.
- Beginning in FY 2004, 2% surcharge on sales is transferred to Drug and Family Court Services fund.
- Annual fixed distributions totaling \$8,295,000 to General Fund, Public Schools, Alcoholism Treatment Fund, Cooperative Welfare Fund, and Community Colleges.

Remainder of profits distributed as follows:

- 40% to counties in proportion to sales in each county
- 60% to cities as follows:
 - > 90% to those incorporated cities with liquor stores in proportion to sales
 - > 10% to those incorporated cities without liquor stores in proportion to population

FY 2003 Profit Distribution (in millions)
[Does not reflect warehouse purchase]
Total = \$23.2 million



Organizational Chart

